



STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
KEVIN W. CONCANNON, DIRECTOR

Ms. Tonya Haun
Centers for Medicare and Medicaid Services
Mail Stop: S2-01-16
7500 Security Blvd.
Baltimore, MD 21244-1850

Re: Iowa's SCHIP 7th state plan amendment

Dear Ms. Haun:

This is the seventh amendment to Iowa's State Children's Health Insurance Program, the Healthy And Well Kids in Iowa (*hawk-i*) program. This amendment eliminates the six month waiting period for children covered under employer sponsored health plans. This amendment also updates the budget and the contact names for the program administration. This amendment is effective July 1, 2003.

The effective date of when Iowa began allowing depreciation of capital assets as a deduction to self-employment income has been clarified. A state plan amendment was previously submitted for this change and approved on June 14, 2000, but the effective date was inadvertently missed when the state plan was resubmitted using the new template. No new action is needed.

If you need further information or have questions please contact Anita Smith at 515-281-8791 or asmith@dhs.state.ia.us or Anna Ruggle at 515-281-5487 or aruggle@dhs.state.ia.us. Thank you.

Sincerely,

Kevin W. Concannon
Director

KWC/ar

Attachment

**MODEL APPLICATION TEMPLATE FOR
STATE CHILD HEALTH PLAN UNDER TITLE XXI OF THE SOCIAL SECURITY ACT
STATE CHILDREN'S HEALTH INSURANCE PROGRAM**

(Required under 4901 of the Balanced Budget Act of 1997 (New section 2101(b)))

State/Territory: Iowa
(Name of State/Territory)

As a condition for receipt of Federal funds under Title XXI of the Social Security Act, (42 CFR, 457.40(b))

(Signature of Governor, or designee, of State/Territory, Date Signed)

submits the following State Child Health Plan for the State Children's Health Insurance Program and hereby agrees to administer the program in accordance with the provisions of the approved State Child Health Plan, the requirements of Title XXI and XIX of the Act (as appropriate) and all applicable Federal regulations and other official issuances of the Department.

The following state officials are responsible for program administration and financial oversight (42 CFR 457.40(c)):

Name: ~~Jessie K. Rasmussen~~ Kevin W. Concannon Position/Title: Director, Iowa Department of Human Services
Name: ~~Deb Bingaman~~ Position/Title: ~~Division Administrator, Division of Financial Health and Work Supports~~
Name: Anita Smith Position/Title: Bureau Chief, Bureau of Health Insurance

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-0707. The time required to complete this information collection is estimated to average 160 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, N2-14-26, Baltimore, Maryland 21244.

Section 4. Eligibility Standards and Methodology. (Section 2102(b))

Effective Date: 7-1-03

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Approval Date:

Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan, and continue on to Section 5.

4.1. The following standards may be used to determine eligibility of targeted low-income children for child health assistance under the plan. Please note whether any of the following standards are used and check all that apply. If applicable, describe the criteria that will be used to apply the standard. (Section 2102)(b)(1)(A)) (42CFR 457.305(a) and 457.320(a))

4.1.1. X Geographic area served by the Plan: The State has been divided into six regions for the purpose of establishing plan participation (See Attachment 1). If a health plan wants to provide coverage in any county within a region, it must provide coverage in every county within that region in which it licensed and has a provider network established. Under *hawk-i*, managed care plans can only provide coverage in those areas of the state in which they are licensed and in which a provider network is established.

Effective July 1, 2001:

John Deere Health Plan is providing coverage in the following Iowa counties:

Black Hawk	Cedar	Dubuque	Johnson	Polk
Benton	Clayton	Grundy	Jones	Scott
Bremer	Dallas	Iowa	Linn	Warren
Butler	Delaware	Jackson	Madison	Washington

Classic Blue (Wellmark Blue Cross Blue Shield of Iowa) is providing coverage in the following Iowa counties:

Adair	Crawford	Harrison	Osceola	Shelby
Adams	Davis	Henry	Mills	Sioux
Allamakee	Decatur	Howard	Mitchell	Taylor
Appanoose	Dickinson	Humboldt	Monona	Union
Audubon	Emmet	Ida	Monroe	Wapello
Buena Vista	Fayette	Iowa	Page	Wayne
Carroll	Floyd	Jasper	Palo Alto	Webster
Cass	Franklin	Jefferson	Plymouth	Winnebago
Cerro Gordo	Fremont	Keokuk	Pocahontas	Winneshiek
Cherokee	Greene	Kossuth	Pottawattamie	Woodbury
Clarke	Guthrie	Montgomery	Poweshiek	Worth
Clay	Hancock	O'Brien	Sac	Wright

Effective June 1, 2003, Iowa Health Solutions is providing coverage in the following Iowa Counties:

Benton	<u>Dallas</u>	Lee	Marion	Tama
Boone	Des Moines	Linn	Marshall	Van Buren
Buchanan	Dubuque	Louisa	Muscatine	Warren
Calhoun	Hamilton	Lucas	Polk	
Clayton	Hardin	<u>Madison</u>	Scott	
Clinton	Jackson	Mahaska	Story	

- 4.1.2. X Age: Under ***hawk-i***, children up to the age of 19 are covered. Coverage ends effective the first day of the month following the month of the nineteenth birthday.
- 4.1.3. X Income: Effective July 1, 2000, under ***hawk-i***, countable earned and gross unearned income cannot exceed 200% of the FPL for family of the same size. Effective December 1, 1999, 20% of earned income (including self-employment income) will be exempt when determining family income for the ***hawk-i*** program.
- Effective February 1, 2000, ~~i~~Income from self-employment: under ***hawk-i***, income from self-employment will be the gross income minus the cost of doing business. This includes the depreciation of capital assets as identified for income tax purposes.
- 4.1.4. Resources (including any standards relating to spend downs and disposition of resources):
- 4.1.5. X Residency (so long as residency requirement is not based on length of time in state): Under ***hawk-i***, the child must be a resident of the State of Iowa. There is no minimum period of time in which the child must reside in the State to establish residency. A resident is one:
- Who is living in Iowa voluntarily with the intention of making that person's home in Iowa and not for a temporary purpose; or
 - Who, at the time of application, is not receiving assistance from another state and entered Iowa with a job commitment or to seek employment or who is living with parents or guardians who entered Iowa with a job commitment or to seek employment.
- 4.1.6. Disability Status (so long as any standard relating to disability status does not restrict eligibility):
- 4.1.7. X Access to or coverage under other health coverage: A child who is covered under other health insurance is not eligible for coverage under ***hawk-i*** unless the coverage is a single service coverage such as a dental

4.4.4. The insurance provided under the state child health plan does not substitute for coverage under group health plans. Check the appropriate box. (Section 2102)(b)(3)(C)) (42CFR 457.805) (42 CFR 457.810(a)-(c))

4.4.4.1. X Coverage provided to children in families at or below 200% FPL: describe the methods of monitoring substitution.

A child who is currently enrolled in an individual or group health plan is not eligible to participate in the **hawk-i** program. **Exception:** A child who is enrolled in a single service plan that provides coverage only for a specific disease or service (e.g. dental only or vision only) is considered uninsured for the purpose of establishing **hawk-i** eligibility.

~~The State imposes a 6-month waiting period of uninsured children who have been insured through an employer group health plan in the six months prior to the month of application unless good cause for the current uninsured status exists. Good cause exists when:~~

- ~~a. Employment was lost for a reason other voluntary termination; or~~
- ~~b. Coverage was lost due to the death of a parent; or~~
- ~~c. There was a change in employment to an employer who does not provide an option for dependent coverage; or~~
- ~~d. The child moved to an area of the state where the existing plan does not have a provider network established; or~~
- ~~e. The employer discontinued health benefits to all employees; or~~
- ~~f. The coverage period allowed by COBRA expired; or~~
- ~~g. The parent became self-employed; or~~
- ~~h. Health benefits were terminated because of a long-term disability; or~~
- ~~i. Dependent coverage was terminated due to an extreme economic hardship on the part of either the employee or the employer. Extreme economic hardship for employees shall mean that the employee's share of the premium for providing employer-sponsored dependent coverage exceeds 5 percent of the family's gross annual income; or~~
- ~~j. There was a substantial reduction in either lifetime medical benefits or a benefit category available to an employee and dependents under a employer's health care plan; or~~
- ~~k. SCHIP coverage in another state was terminated due to the family's move to Iowa.~~

Effective July 1, 2003, the State no longer imposes a 6-month waiting period for children who have been insured through an employer group health plan in the six months prior to the month of application.

4.4.4.2. Coverage provided to children in families over 200% and up to 250% FPL: describe how substitution is monitored and identify

The state will send a copy of any proposed rule for the *hawk-i* program to the Native American Tribes for review and comment.

Contracts with local grassroots organizations require that the action plan for local outreach activities must show the contractor will engage the special populations in their area, including not limited to, Native American tribes for development of the action plan and concurrent activities.

- 9.9.2 For an amendment relating to eligibility or benefits (including cost sharing and enrollment procedures), please describe how and when prior public notice was provided as required in §457.65(b) through (d).

See the response for 9.9.

- 9.10. Provide a one year projected budget. A suggested financial form for the budget is attached. The budget must describe: (Section 2107(d)) (42CFR 457.140)

Planned use of funds, including --

- Projected amount to be spent on health services;
- Projected amount to be spent on administrative costs, such as outreach, child health initiatives, and evaluation; and
- Assumptions on which the budget is based, including cost per child and expected enrollment.

Projected sources of non-Federal plan expenditures, including any requirements for cost-sharing by enrollees.

CHIP State Plan Amendment

SFY 2003 2004			
	State Dollars	Federal Dollars	Total Dollars
Medicaid expansion	\$ 5,055,562.78	\$14,731,376	\$ 19,786,938
	\$5,965,962	\$17,661,612	\$23,627,574
<i>hawk-i</i> premiums (Net of deductions for cost sharing)	\$ 6,547,232.87	\$19,077,945	\$ 25,625,178
	\$7,367,445	\$21,810,556	\$ 29,178,001
Administrative Costs			
Fiscal agent cost of processing Medicaid claims	\$ 101,033.39	\$ 294,401	\$ 395,434
	\$102,210	\$302,582	\$404,792
Outreach	\$ 127,750	\$ 372,250	\$ 500,000
	\$126,250	\$373,750	\$500,000
Administration	\$ 484,395.55	\$ 1,411,477	\$ 1,895,873
	\$409,527	\$1,212,362	\$1,621,889
Total CHIP SFY 2003 4	\$ 12,315,975	\$35,887,448	\$ 48,203,423
	\$13,971,394	\$41,360,862	\$55,332,256
Administration Percent:			5.791% 4.57%

Assumptions

Monthly average enrollment - Medicaid expansion
Effective Date: 7-1-03

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FY200~~3~~ 4
~~9,129~~ 10,650
Approval Date:

Monthly average enrollment - Medicaid expansion (MAC) infants	311 295
Monthly average enrollment - <i>hawk-i</i> managed care	9,065 9,417
Monthly average enrollment - <i>hawk-i</i> indemnity	7,074 7,349

		State \$	Federal \$	Total \$
<u><i>hawk-i</i> cost sharing</u>	FY 200 3 4	\$(149,153)	\$(434,616.02)	\$(583,769)
		\$(153,092)	\$(453,212)	\$606,304)

This has been deducted against premiums on
summary page

PM/PM Rates

Medicaid expansion	\$165.47 \$172.09
Medicaid expansion - (MAC) infants	\$444.81 \$462.60
<i>hawk-i</i> managed care	\$119.30 \$131.23
<i>hawk-i</i> indemnity	\$155.87 \$169.58